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**Associations Between CEO's Personal Risk and Corporate Reputational  
Risk – By the Case of JD.com**

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**Associations Between CEO's Personal Risk and Corporate Reputational  
Risk – By the Case of JD.com**

**by**

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**Thesis**

Presented to the Faculty of the Graduate School of

The University of Texas at Austin

in Partial Fulfillment

of the Requirements

for the Degree of

**Master of Arts**

**The University of Texas at Austin**

**May 2019**

## **Acknowledgements**

I want to express my appreciation to Dr. Lee Ann Kahlor and Dr. Gary Wilcox. It would not be possible to complete this thesis without their support.

I would also say thanks to all the friends, professors, and family members who supported me in the past two years. This two-year journey becomes extraordinary because of you.

## **Abstract**

### **Associations Between CEO's Personal Risk and Corporate Reputational Risk – By the Case of JD.com**

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This thesis uses attribution theory and situational crisis communication theory (SCCT) to examine the association between CEO's personal risk and corporate reputational risks on the social media platforms by analyzing the case of JD.com. The thesis shows that JD.com's situation partially reflected the research questions proposed based on attribution theory and SCCT. Social media users tended to attribute the fault of CEO's sexual misconduct to JD.com after the crisis happened, which eventually impacted on the company's reputation. Meanwhile, based on the SCCT theory, the thesis found no recovery trend was observed since the company did not react to the online discussion. However, this thesis failed to conclude that JD.com's pre-crisis online discussion had different patterns than the post-crisis discussion, and the comparison between JD.com and its competitor also could not support the hypothesis that JD.com suffered reputational crisis caused by its CEO's personal risk.

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## **Chapter 1: Introduction**

Reputation matters to a publicly traded corporation because publicly traded companies are not only responsible for making money, they are also responsible for satisfying the reasonable demands from consumers, stakeholders, and regulation departments. Scholars have already identified that corporate reputation has an impact on customer loyalty, and that corporate reputation plays a critical role in both retaining customers and new business developments (Jin & Yeo, 2011). Additionally, scholars have confirmed that a CEO's reputation is an important piece of a corporation's reputation and that a CEO's reputation can impact the confidence of stakeholders in the corporation positively or negatively (Coombs, 2007). Furthermore, this relationship between CEO and corporate reputation may shift according to media coverage of the CEO, such that positive coverage may increase confidence in the reputation of the corporation, and negative coverage may decrease confidence. In other words, once the reputation-related matters of a corporation get widely covered across media platforms, stakeholders may judge the corporation based on CEO attributes (Coombs, 2007). Scholars like Musteen and colleagues (2010) argue that board behaviors reflect the overall corporate reputations. Therefore, this thesis aims to examine the relationship between management and corporate reputation by analyzing realistic case through frameworks found in Musteen and other works.

### **CASE BACKGROUND**

Liu Qiangdong is a successful Chinese businessman who established one of China's largest e-commerce site, JD.com. For a long time, he has been known as the company's public face and the key executive of JD.com's daily operations. JD.com mainly

focuses on selling a wide range of products on its own e-commerce platform, JD Shopping Mall. The overall business model is similar to Amazon.com. Liu Qiangdong, who is also known as Richard Liu, has the long-time reputation of being one of the most successful businessmen who started his enterprise from ground zero. JD.com is currently a public traded company listing in the NASDAQ with a market cap of \$43.04 billion (before a recent scandal, it was around \$70 billion). For both JD.com and Richard Liu, media coverage in the U.S. was relatively low and neutral to positive before a sexual harassment accusation happened near the end of last August 2018. The landscape of online discussion of the company and the person has changed dramatically after the crisis, which took place in Minneapolis.

After the scandal, some major U.S. news sources reported that a famous Chinese CEO was arrested by the Minneapolis Police Department, the media and JD.com both confirmed later that the person who was arrested was Liu Qiangdong, the CEO of JD.com. The accusation at that time was sexual harassment. Right after the scandal happened, several major media platforms in the U.S. and China, for example, *New York Times* and *Wall Street Journal* covered the story and widely spread the information onto social media platforms. In these social media platforms, Twitter was one of the most influential one based on Pew Research Center's data (2018).

In this thesis, the social media mentions from Twitter regarding Liu Qiangdong, and JD.com will be content analyzed to understand how people relate the personal crisis to the company's reputation when the CEO's personal image is linked strongly to the company's public reputation. Several academic theories will be used to address the previously mentioned research questions.



## **SOCIAL MEDIA AND CORPORATE REPUTATION FOR JD.COM**

The major discussion of JD.com among the general public happened on the social media platforms. This is important to understand the issues is because social media is one way in which the public learns news about corporations and public institutions. Social media provides a relatively low-cost channel for corporations to enhance their PR or advertising messaging strategies, while also allowing the general public to communicate with and provide commentary about the corporation in a two-way manner (Haughes & Palen, 2009; Taylor & Perry, 2007). However, some of the components of social media show impact to the process of corporations like JD.com's efforts to deal with the reputational crisis. For example, some components such as speed, visibility and ability to spread information become huge setbacks to company's efforts in building good public image, especially during crisis time (Kahl, Chaudhri, 2017). Social media users generate a large amount of data, including text commentary, photos, numbers, and other often more ambiguous information; this data can offer a gateway into understanding how the public is thinking a corporation (Stieglitz, Dang-Xuan, Bruns, & Neuberger, 2014). Indeed, when a public relations crisis hits, and time is essential for a corporate response, the rich data presented by social media can help shape a response relatively quickly. Therefore, finding an effective way to analyze the "big data" available on social media – focusing in on understanding how the general public reacts to a corporate crisis – is crucial for building comprehensive crisis communication response plans.

## **BRIEFLY DEFINE CRISIS AND CRISIS COMMUNICATIONS**

To figure out how social media could impact JD.com's reputational crisis, it is necessary to understand crisis communications. Therefore, it is important to define crisis and crisis communications. Coombs (2010) defines crisis as "an event that can have a

negative effect on the organization, industry, or stakeholders if handled improperly.” Crisis communication is defined by Coombs (2010) as “collection, processing, and dissemination of information required to address a crisis situation.” The most important character for crisis communication is that crisis communications do not happen as one-time event; instead, the communication process takes different stages to happen, and each of the stages focus on different perspectives. In the literature review section, more literature will be provided to figure what are the components that make up crisis communications, and why some of these components are important to the topic for this thesis.

## **PURPOSE**

The purpose of this thesis is to explore the relationship between a CEO’s personal crisis and the online discussion generated by public towards this certain issue. My focus is on whether it is possible to tease apart the link between CEO and corporate reputation by analyzing the content of public conversations on social media. The purpose of this study is to explore research methods such as content analysis for isolating relationships in the available data, in hopes that such research methods can lend insight into how a corporation might respond to a CEO crisis, particularly for a publicly traded company. Even though some research exists on social media coverage and corporate reputation (Stieglitz, Krüger, 2011), the relationship specifically between personal crisis for a CEO and corporate social media performance is still not clear. The context for this thesis is a Chinese E-Commerce company and its famous CEO. The CEO was involved in a reported sexual related scandal. Research questions and hypotheses are listed below within the review of the literature, to further investigate the relationship and explore the scenario that evolved and led the company to never make any statements regarding the crisis.

Most of the crisis communications strategies and research are developed based on the attribution theory, and more in-depth, the SCCT (situational crisis communications theory) developed based on the original attribution theory. Therefore, in this article, the major theoretical framework is based on the attribution theory to explore how the social media users attribute the potential responsibilities in Liu's sexual harassment accusations, and most ideally, to understand how their actions could impact on JD.com's corporation image as a public traded company that handled this crisis passively. Again, the theoretical frameworks will be discussed more deeply later.

In the later literature review section, several important theories and definitions that pertain to the research topic will be discussed. For example, the definition of corporate reputation and management reputation, existing research regarding the associations between CEO's personal reputation and the corporate reputation, the components of crisis and crisis communications. Then most importantly, the attribution theory and situational crisis communications theory that support the assumptions and research questions in this thesis.

## **Chapter 2: Literature Review**

In literature review section, several important theories and definitions that pertain to the research topic will be discussed. For example, the definition of corporate reputation and management reputation, existing research regarding the associations between CEO's personal reputation and the corporate reputation, the components of crisis and crisis communications. Then most importantly, the attribution theory and situational crisis communications theory that support the assumptions and research questions in this thesis.

### **CORPORATE REPUTATION AND MANAGEMENT REPUTATION**

This thesis first starts with the question regarding the relationship between people and corporate reputation. To answer it, corporate reputation must be firstly defined to know more about how the reputation would be impacted by a person from the company. Corporate reputation has drawn a significant amount of attention from the scholars in the past decades. Some scholars believe that corporate reputation is “a social construction that reflects emotions held by stakeholders, representing what they think and feel about the firm” (Hall, 1992; Weigelt, Camerer, 1988; Musteen, Datta, & Kemmerer, 2010). Scholars also recognize the reputation of a corporation as the intangible asset for the firm to gain competitive advantages (Musteen et al., 2010). However, as the important make-up of the corporate leadership, the characteristic of management roles' impact on corporate reputation remains unclear (Musteen et al., 2010). In an article, Musteen and colleagues (2010) try to explain the impact of the senior management to corporate reputation from two theories, the signaling theory and the institutional theory.

Signaling theory suggests that certain signals are the representations of a firm's actions and abilities (Porter, 1980; Spence, 1973). Scholars argue that since the corporations are a part of the business community, then the business community would

judge the company's reputation based on certain attributions (Fombrun, Shanley, 1990; Deutsch, Ross, 2003), since the board of characteristics are the immediate available attributions to the business community, then the business community would take in a significant amount of information from the board characteristics to build up the relevant reputation for the firm (Certo, 2003; Deutsch et al., 2003).

In the meantime, the institutional theory as well suggests that board characteristics carry potential impact to the corporate reputation. Most of the institutional theorists believe that legitimacy and reputation are socially judged by the society (Deephhouse, Carter, 2005). Therefore, firms are motivated to seek both reputations and legitimacy that could be approved by general business community (King, Whetten, 2008). In Musteen and colleagues' article (2010), they suggest that these two theories could apply to the question of why corporate reputation could be impacted by the board characteristics and behaviors. They conclude that board characteristics attribute important roles to corporate reputations, thus, the board is indeed a reflection of corporate reputation. Therefore, maintaining good board image becomes important to corporations.

### **CEO'S PERSONAL BEHAVIOR AND CORPORATE REPUTATIONS**

Based on scholars' conclusion, it is clear that a company's CEO and his or her personal life can also impact how the company is perceived, especially under today's social media environment. Scholars state that personal reputation and company reputation have interaction effect, which means that they impact on each other, and if one of these two reputations go in the negative direction, it is possible to impact the other to the same negative direction (Dowling, 2006). Previously mentioned literatures about correlations between board characteristics and corporate reputations can also demonstrate that CEO, or other key management personnel of the company, have impact on the corporate reputation

building process (Musteen et al., 2010). Industry research from Gaines-Ross (2000) reveals the importance of personal reputation towards the overall corporate reputation when it comes to personnel who are significant to both the society and the corporation itself. In this article, the author argues that personal reputation contributes a significant amount to the overall corporate reputation. The author reports that, based on survey results target on stakeholders in this article, 45% of the respondents believed that personal reputation of a significant representative of a company could impact the company's public image. In the meantime, 80% of respondents claimed that they consider the personal reputation when deciding whether to recommend a company or the products to their close relatives. Based on this article, we can clearly tell how public perceives the relationship between a significant person of the company and the company itself. Besides this industry focused article, scholars such as Davies and Mian (2008), and Gopoian (1993) both confirm that key leaders' public reputations or characteristics are highly correlated with how the general public would perceive the political party, despite that the key leaders are just a part of the whole political party. These scholars further prove the link between key leaders of an organizations. Therefore, it is worth looking into how Liu's personal risk correlated with JD.com's reputational risks, and how general public perceived the correlation between Liu and JD.com.

To deal with the impact of personal behavior on a corporate reputational crisis, it is important to introduce the components of crisis communications to see what those most valuable components in crisis communications are to help us to better understand the relationship between CEO's persona reputational risks and the overall company reputational risks.

## COMPONENTS OF CRISIS AND CRISIS COMMUNICATION

In Coomb's Handbook of Crisis Communication (2010), he points out that crisis communications could be categorized as *pre-crisis stage*, *crisis response stage*, and *post-crisis stage*. According to Coombs' theory (2010), for pre-stage of crisis communications, the primary goal is to predict and reduce the crisis by giving the stakeholders ahead information about the about-to-happen crisis to a corporation. Multiple literatures confirm that the ahead information is beneficial for crisis communicators and the corporation when the actual crisis responses stage is approaching (Coombs, Holladay, 2002, 2006). After the *pre-crisis stage*, the communication process moves into the *crisis-response stage*, this is also the stage that this thesis targets. During this stage, Coombs concludes that this is the most critical stage for the because "how and what an organization communicates during a crisis has a significant effect on the outcomes of the crisis, including the number of injuries and the amount of reputational damage sustained by the organization." Scholars heavily researched in this stage in the past, and they proposed a significant number of strategies associated with this stage. Different crisis communication strategies have different aims and methods, but they are all primarily focus on how to resolve the reputational crisis that related to the core objects in an event. For example, image repair or restoration strategies by Benoit (1995) demonstrates how different tactics, like denial in responsibility, attack on people who say there is a crisis, and offering compensation/seek-for-forgiveness would propose a wide range of different potential outcomes to the in-the-crisis corporation. After the *crisis-response stage*, the communication process moves into the *post-crisis stage*. Coombs concludes that this stage is the "extension" from the previous stage which employs the learning from the previous stage to build continuous crisis communications plan for the corporations in preventing the similar situations. This thesis mainly focuses on how people

responded to the reputational crisis for JD.com caused by its CEO during the *crisis-response* stage.

Besides different stages of the crisis communications of corporate reputation. The reputation for a corporation also builds up by different objects, that range from employees, products, or just random events. Previous literatures conclude that products are not only have power to impact market shares, purchase intentions, and other products' reputations (Pruitt, Peterson, 1986; Siomkos, Kurzbard, 1994). Products related crisis also has significant impact on the corporate reputation (Berman, 1999; Davies, Chun, da Silva, & Roper, 2003; Mowen, 1980). Since the reputation is largely considered as an intangible asset to a firm, scholars have proved that the reputation directly impacts on various consumer responses to company, and thus can impact the company's daily operation such as generating investment interest, attracting high-value consumers, motivating more positive media coverages (Davies et al, 2003).

The other factor that is more directly related to this thesis is the impact from employees to company reputation. Previous literatures have proved the importance of employees in corporate reputation. Dowling (1993) and Gotsi and Wilson (2001) demonstrate that employees are the important tools for a company to develop corporate identity in a desired way, and the formed identity of the corporation would eventually impact on the overall corporate reputation. The benefits of getting employees to build corporate reputation is quite direct, and scholars identify that good corporate reputations help the company to generate higher profits over time (Roberts, Dowling, 2002). In the meantime, some employees are potentially more responsible for the corporate reputation building. For example, the CEO of the company, is perceived as more responsible than ordinary employees; Jackson (2004) concludes that the "CEO may be ultimately responsible as guardian of the firm's reputation." Some researchers believe that employees'



performance matters to corporate reputation while they could actually impact on the consumer or market response to the company's reputation, product, and operations. Alsop (2004) recognized that employees of the corporations, regardless of whether they are management or general employees, serve as the "ambassadors" of the corporation, which means the scholar believes that employees have direct impact on consumers' perception by word-of-mouth and loyalty to the brand. From this conclusion from previous literature, we can clearly see that both the products and people of a corporation attribute to the overall corporate reputations. The people part is more meaningful to this thesis since in JD.com's case, the overall brand reputation crisis starts with one of its most famous employees, the CEO.

#### **SOCIAL MEDIA IMPACT ON REPUTATIONAL CRISIS COMMUNICATION**

Besides looking into the corporate reputation in crisis communication itself, another important thing is defining the crisis communications on social media platforms. In social media, lack of control of the communication trends from the company side is a pretty obvious factor. Scholars state that some of the characteristics of social media carry enormous setbacks to corporations while they are generally good to general users on the social media (Kahl, Chaudhri, 2017). Characteristics such as speed, visibility, and free information spreading could all be nightmares to a corporation (Kahl, Chaudhri, 2017). In JD.com's case, they are indeed somehow impact on JD.com's online reputation and corporation image. The major differences between traditional media and social media crisis communication mainly focus on the different ways of these two channels spread information. The social media allows users to create more interactive and timely crisis communication information and gather higher spreading rates (Taylor, Perry, 2007). Unlike traditional media, the social media focuses more on time-sensitive information, in crisis

communication for personal and corporation crisis, users collect and spread situational information and constantly update the information rather than publish information for permanent basis (Hughes, Palen, 2009; Stephens, Barrett, & Mahometa, 2017).

Social media is a powerful tool to let information spread, and it is also a powerful tool to help general public to get, and spread information, and their own opinions regarding certain issues. According to Pew Research Center's 2018 social media use data, 89% of U.S. adults use internet service to connect with online information, and 77% of them at least own one smartphone that has internet connectivity. Even though U.S. internet penetration rates is just average level compared to other advanced economies (the average internet coverage rates for advanced economies is 90%), and slightly above average smart phone usage (the average ownership of smartphone for all advanced economies is 76%). However, considering the average level of penetration for both of these effective information spreaders and receivers already covered majority of the adults living in the advanced economies. The power of internet and smartphones cannot be ignored. In the meantime, high penetration of internet and smartphone grants the access to social media. Again, based on Pew's data in 2018, 69% of U.S. adults reported the usage or access to social media platforms. In the meantime, the demographic indicates that social media is no longer a weapon for only younger generations. Pew reveals that social media is now an information hub throughout different age groups, even for people who are 65+. In these social media platforms, some of the platforms dominate the landscape, Facebook, Youtube, Instagram, Twitter, and Snapchat are some of the most popular platforms for social media users, and these platforms generate most of the information.

In this study, the researcher picked Twitter as the platform to conduct case study based on following reasons: 1) Twitter is one of the most popular and crowded social media platforms in the U.S. 2) Twitter is usually seen as a platform that enables high topicality

(Bruns, Bergess, 2011; Stieglitz, Bruns, & Krüger, 2015), which means the most timely information regarding certain issues, scandals, or news can be found in Twitter right after the event is exposed to the public. 3) Some other scholars defined Twitter communication between the corporation and general public as “in response to emerging issues, is fast and spontaneous” (Stieglitz et al, 2018). 4) Twitter has open end port to allow us to gather detailed data about each related Twitter mentions with third party platforms. 5) According to Pew (2018), Twitter’s users concentrate to middle age (around 30-50), which is also the range for professionals who may pay more attentions to publicly traded companies and stock markets. 6) Twitter has specific character limits that allows users to post short, informal texts, which makes the content analysis part less complex. Therefore, above six reasons combined, Twitter is the most ideal platforms to gather topic-related mentioned compared other major social media platforms, for instance, Facebook.

Social media can shape the landscape in terms of how the general public perceives a corporation during its crisis stage. Despite the advantage of image building, it certainly carries many risks if corporations cannot deal with public opinions. Previous literature finds that social media form new ways for corporation to build reputation with public and stakeholders (Castriotto, Floreddu, DiGuardo, & Cabiddu, 2013). Social media enhances customer engagement with the company as well, which means they are more possibly to see corporate activities, in both positive and negative side (van Doorn, Lemon, Mittal, Pick, Perner, & Verhoef, 2010). The closer and higher frequency of customer engagements would lead to both positive and negative consequences, online communications could definitely enhance reputation, but in a lot of cases, like BP after the Mexico Gulf leak, bad online communications could bring catastrophically outcomes to corporate reputation (Floreddu, Cabiddu, & Evaristo, 2014).

Therefore, knowing how the corporation's social media perform during a crisis period is extremely important to gain a deeper knowledge of the overall trends, and possibly control the company's reputation trend. Some classic ways of doing this include social media monitoring, user interactions, and insights analysis (Meske, Potthoff, 2017). User interaction allows the company to spread its thoughts and insights to social media users while receiving important opinions regarding the ongoing issues (Meske, Potthoff, 2017; Vieweg, 2012). The media monitoring allows the company to gather perceptions of the company and crisis-related matters and build understandings of its position (Gensler, Volckner, Egger, Fischbach, & Schoder, 2015). Moreover, insight analysis can give the company a chance to interpret the current issue from a statistical standpoint, and how people discuss the corporation during a given trending period (Haughes & Palen, 2009). These three tactics are especially useful when a company faces different types of crisis, including when the significant person of the company fall in personal crisis, and the personal crisis starts to impact the company's public image. The reason why a company should pay attention to social media discussion is that in recent decades, social media content has started to impact companies' reputations, not only in a temporary way but also permanently and with considerable consequences (Utz, Schultz, & Glocka, 2013). When a company faces inevitable crises and gets widely covered by other communication channels, the social media users tend to talk a lot regarding the certain crisis because social media can spread out the message quickly and with relatively lower costs (Sutton, Spiro, Johnson, Fitzhugh, Gibson, & Butts, 2014; Vieweg, 2012).

## **THEORY**

After getting to know more about how exactly scholars have looked into the relationship between corporate reputations and personal crisis, plus the impact of the social

media on the reputation, it is important to find out the theoretical frameworks for this study. Attribution theory and situational crisis communication theory would be good fits to explain how Liu's personal risk eventually caused his company's reputational crisis.

Attribution theory is described as "social psychological theory that assumes that people make sense of events by explaining the cause of the event" (Yum, Jeong, 2015). A example of the application of attribution theory would be people try to explain why a certain crisis would occur when they see the information regarding a certain corporate crisis. In this article, attribution theory will be mainly used as the theoretical support for the first research question, how would the social media users attribute the causes of Liu's risks, whether it's the failure of Liu or the company or any other causes that Liu or the company have no control of. Attribution theory is constructed by several dimensions, locus, controllability, and stability. Locus is the most basic dimension among the all three dimensions (Yum, Jeong, 2015; Weiner, 1972); it points out that the public tends to understand the cause of a reputational crisis of a corporation either internally or externally. During this process, their judgments depend on the information they receive from external resources, which means the media platforms have the ability to change public's perceptions regarding a certain reputational crisis. Under this scenario, the more negative information that people receive regarding the company, the less favorable arguments and opinions that the public would have. Attribution theory also brings up another two dimensions, which are controllability (whether the events or the crisis are controllable or not), and stability (how stable the crisis is) (Yum, Jeong, 2015). However, the latter two dimensions are not pertaining to the topic that this thesis is trying to investigate.

Some models from the attribution theory provide more in-depth theoretical frameworks for the three research questions provided ahead. One model developed based on the attribution theory that matters to the research questions is the SCCT theory,

situational crisis communications theory by Coombs (2007). The situational crisis communications theory specifically suggests that people's judgement from the information they rely on can be separated into two categories, the Crisis History and the Relationship History. In this thesis, the major discussions and assumptions are based on the Relationship History part. The Relationship History (Coombs, 2007) in the SCCT describes that the distinctiveness of the scandal is low if the corporation treats the general public and the stakeholders poorly in other contexts as well. Meanwhile, based on the attribution theory itself, distinctiveness would decrease the general public's possibilities to blame the scandal internally while if the distinctiveness is high, the general public would allocate the blame more likely to be an internal one (Coombs, 2007; Weiner, 1972). An example is provided by Coombs and Holladay (2001), in an event of truck explosion, due to the company (scandalized party) had maintained relatively more positive relations with the local community, they conclude that the distinctiveness in this event was high, which means the general public perceived them with less internal cause of the event, and the company would have a better time in dealing with the general public's attitude. However, in JD.com's case, due to the lack of relationship management on social media (JD.com's social media appearances is really low, the frequency of posting on Twitter is low, and they almost never replied to any inquires on social media as an official account), it is possible that JD.com's distinctiveness is low, and the general publics are more willing to blame the cause of the sexual harassment accusation more internally.

The second model could support the research questions is the Weiner's attribution model. Weiner in his model mainly predicts that general public's behaviors as encouragement or punishments toward a certain scandalized person or the corporation, mainly based on how they would attribute the causes of the events (Appelbaum, 2001; Bennett, Flores, 1998; Corrigan, Markowitz, Watson, Rowan, & Kubiak, 2003;). The level

of punishment is also decided by how they attribute the causes, more internal attribution usually refer to harsher punishment acts from the general public side. This model mainly supports the second research question, since the question asks about how the general public would act after seeing the amount of news reports of JD.com and Liu. This model could provide the theoretical framework to support a reasonable assumption of the potential punitive acts from the social media users.

There is another model that is commonly cited for similar research, the covariation model proposed by Kelley (1967). This model predicts that when the information has three dimensions, the distinctiveness, consistency, and consensus. Distinctiveness means that if something is too unique compared to itself from a different context (for example, one student for exams of the same class, but at different periods of a semester), then this unique scenario would be considered as distinctive to the public. Consistency refers to whether something is consistent overtime; for example, in JD's case, if the company's reputation has long been damaged and not fixed, then a new crisis might not be perceived as strange by the public since the company's reputation has already been ruined. The last dimension, consensus refers to the large number of people highly agree on one context, or object, when this situation happens, it means the consensus is high (for example, when a lot of people agree on one object is attractive, then the consensus between these people is high). This model is useful when taking JD.com's situation into comparison with different time, and with different competitors. For example, based on the distinctiveness dimension, if JD.com's crisis caused by Liu is too distinctive compared to its reputation in another time period, then the general public would perceive this crisis as largely negative.

Based on above mentioned theories and explanations of each important components in JD.com's crisis (social media, crisis communications, and personal reputation's impact on company), some certain trends are being assumed in this thesis, and three research

questions are proposed to better understand how the general public and stakeholders perceived JD.com during the crisis.

## **RESEARCH QUESTIONS AND ASSUMPTIONS**

RQ1: What kind of opinions the general public tend to post on social media about sexual assault allegation against the CEO of JD.com after the scandal was widely covered in the media? Were they more neutral or negative?

The first assumption here is defined as the opinions on the social media tend to be more negative, with only a few of the supportive languages appear in the overall online discussions. This assumption is based on the attribution theory and its sub-branches summarized by previous literatures. Based on scholars such as Coombs' (2007) theory, the more negative information regarding the person and the corporation would create the negative perceptions from the information receivers' end (Coombs, Holladay, 2004; Kim, Yang, 2009). This is due to the information receivers tend to attribute the responsibilities of the crisis to an object. In this case, it could be Liu Qiangdong himself or his company, JD.com. By analyzing the data from Twitter mentions, it is possible to see whether social media users in this case still match the previous pattern, which is by getting the massive negative news reports from credible news resources, they tend to post negative opinions and retweets regarding this certain matter (Schwarz, 2012).

RQ2: What is the changing trend of the discussion of this certain topic on social media looks like during the first two months after the scandal initially happened? Are there any trends that show their attitudes of trusting or using the company in the future after the scandal?

The anticipation here is the trend will go slower since the media coverage dropped in these two months. Then secondly, since the company never apologized or made official



statement in social media, it should be anticipated that no expectation of potential discussion trends to change to a relatively more positive direction; this is also backed up by different scholars. Coombs finds that information-only response has little to no effect on people's perceptions regarding a certain crisis (Coombs, 1998). In later articles, Coombs and Holladay (2008) also conclude that apology is one of the most effective crisis communication strategies to corporations compared to other moves such as victimization, denial, or justification. In JD.com's case, since the company treated this crisis in a total passive manner (no Twitter statement has been ever made, only a few of press releases in traditional media and no wide-spread trend was observed for these articles). Therefore, the positively changing, or recovery trend should not be expected under current conditions.

RQ3: Are there any differences of the online discussion regarding JD.com before and after the scandal happened? What are the differences between JD.com's discussion trends and JD.com's competitors?

Again, the anticipation would be the overall performance of the online discussion would go highly negative after the scandal happened and would focus more on this specific scandal. However, the competitor's discussion trends should keep constant in the same time period. In the meantime, based on the attribution theory, the social media users tend to connect this scandal to CEO himself, and potentially blame the company as well. One core concept of attribution theory is that people attribute factors (Weiner, 1972). In other words, information receivers tend to explain why the crisis happened and which parties are responsible to the certain crisis (Yum, Jeong, 2015). Scholars argue that during a stage that general public opinions are highly mediated and colored by the mainstream media's news report, they tend to make more negative opinions toward the two major objects in the crisis, the persona and the company (Yum, Jeong, 2015). In this condition, the general public

would seek less excuses (external attributes) to this certain crisis, which means they would blame most of the faults to either the person or the company.

#### **LIMITS ON LITERATURES**

JD.com is a foreign company that has limited operations or reputations among the general public in the U.S. (general public means those who are not professional stock investors or pay extra attention to publicly traded companies). As a result, it is unlikely that JD.com had an established reputation in the U.S. prior to the scandal. There are very little literatures that focus on the existing reputation of a company and distinguish the company by famous, not famous, or local, not local. Therefore, this thesis wants to explore whether under a special setting, like JD.com (barely no operation or media exposures during the regular days in the U.S. but still a public listed company in the NASDAQ), how would the general public attribute the social media discussions. The ultimate question is: Would the pattern still follow the discoveries from previously literatures, or it might have something new?

### Chapter 3: Research Design

The main body of the thesis contains two major components: content analysis, and emotion analysis based on emotional evaluating software. Around 30,000 Twitter mentions were gathered by the social media data gathering platform, Nuvi. The content analysis analyzed a part of the collected Twitter mentions directly, which contain about 20,000 out of 30,000 total Twitters. The original file was categorized by Python in order to clean the raw data (mentions) and to make them clearer by how many times the mentions were being retweeted. Mentions with more than one time posting (retweeting) are categorized as “duplicated,” and mentions with only one time posting, which means they were only posted by the users themselves, are categorized as “Unique.”

During the scandalized periods (from Aug. 31st to Sept 30th, and from Sept 30th to Oct 30th), only the group of “duplicated” tweets are processed. The reason for this is that after looking through the datasets, the researcher has realized that the “unique” category contains too many tweets that have no relationship to either the person, Liu Qiangdong, or the company, JD.com, even after the raw data was filtered with keywords, and had been categorized by Python. In the meantime, there are many tweets in the “Unique” category that are similar to each other but due to small differences in the contents, they were categorized as unique sentences. The third reason is, there are multiple fraud-like messages in the “Unique” category, but there is no way to judge whether they are relevant to the core event or the core parties in the event. Based on these reasons, it could tell that the “Unique” category had much more complexity in its message combinations, and the it was nearly impossible to clean out all the repetitive messages. Therefore, only use the “Duplicate” category seems reasonable.

The content analysis compared the trends between the initial stage of the scandal happened, when the traditional media had started to report the scandals and the later stage of the scandal, when the media coverage was slowing down after a whole month of wait, and the non-scandal stage when both of the comparison group and target group had no massive negative exposure on social media. This design should allow the researcher to see how the trends of online discussions regarding JD.com and its competitors had changed during the different stages and to explore whether there were any expected outcomes related to the research questions proposed in previous content.

The first comparison between different stages is to see whether the retweets contains personal opinions regarding the issue, and based on that, to see whether the personal opinions contain any supportive words regarding the specific issue. By comparing the different time periods, the researcher could understand what type of the information that social media users posted online and how specifically they expressed their attitudes. If the percentage of the supportive words is low, it means that the social media users largely see the overall news as negative. Meanwhile, the researcher also counted how many of the negative retweets contained the CEO's name, the company's name, both, or none to see how they would attribute these negative retweets to specific object(s). This comparison can also partially answer the second research questions. The changing of percentage of supportive words could also show the attitude change of social media users in different periods. Therefore, it is possible to use the changing in supportive words to also support the second research question.

The second major comparison between different stages would be whether the tweets contain specific words that are related to the company's financial performance or products. And more in depth, how negative or positive these tweets are. If they are constantly negative, it means that the social media users have no change in their negative

attitudes towards the company's normal operation, or they keep trusting less. Backed up by the attribution theory and situational crisis communication theory, this comparison could prove whether JD.com's case matches the hypothesis from SCCT, which suggests that because JD.com processed the overall scandal passively, the audience didn't change the attitude over time.

The last comparison requires multiple different dataset; here I compare social media users' attitude towards JD.com/Liu Qiangdong and its competitor, VIP.com, which is another Chinese E-commerce site that is public traded in NASDAQ. The business model between these two sites are similar and they are all less famous compared to the U.S.-based E-commerce sites like Amazon. By comparing the two company's trends, the researcher believes that this comparison could reveal more about how the social media users' blame on JD.com and the executive during the scandal. As previously said, this is also backed up by different models from the Attribution Theory.

Besides the comparisons enabled by the content analysis, there is also one supplemental function that from third party resources, the ratings for strength of sentiment. In this article, the researcher used an application developed by British scholars. Based on their practical experiments in the past, they believe the application they developed could achieve an accuracy rates for over 70% for negative comments in social media, which is admittedly reliable in the similar literatures. Therefore, it is reasonable to conclude that this application is trustworthy in detecting the strength of sentiment and reflect them into single numbers. If the detected strength of sentiment is strongly negative, the application would score it with -3 to -4, but if it's neutral, then the application would score it with 0, and if it's strongly positive (which is not expected in JD.com's social media mentions), the application would award it with 3 to 4. This is a more direct way of showing each of the social media mentions' strength and trends in emotions. In the meantime, it should be

useful to researcher to understand the overall strength of emotions for two or multiple different group of tweets in each comparison.

The sentiment strength test application is named as SentiStrength. The logic behind this application is using the algorithm to detect how exactly the human language conveys emotions, negative, neutral, or positive in a certain context. This is particularly important to social media or online interactive discussion because most of the time, emotions are not directly proposed by the communicators (for instance, they are not going to speak out “I am happy”, or “I am angry” but instead using implicit ways of expressing the same meaning) (Thelwall, Buckley, Paltouglu, & Cai, 2010). Since the social media is taking more and more important roles in modern communication systems, scholars believe it is important to understand the emotions behind raw contents (Thelwall, Buckley, Paltouglu, & Cai, 2010). Other scholars also argue that understanding the emotions carries larger scale meanings toward society, for example, using the emotion detection methodologies could help people to identify potential risk factors or undetectable negative attitudes (the scholars called it as “inappropriate emotions”) behind natural human languages (Huang, Goh, & Liew, 2007). Thelwall and colleagues (2010) believe that using the algorithm can help the scholars, even general publics to gain more knowledge in communication process, and discover the balance between positive and negative emotions, or appropriate or inappropriate meanings behind the texts.

One difficulty that requires attention for most of the sentiment analysis (including the sentiment analysis in this part) is to identify the usage of the words, grammar, and format of the language (Thelwall, et al, 2010), especially under recent years’ fast-changing language environment. Scholars in the past have never stopped to find the way to better understand the meanings of innovative language use, some attention-grabbing instances including abbreviations, emojis, and slangs in texts (Grinter & Eldridge, 2003; Thurlow,

2003). Scholars are convinced that besides the plain or explicit texts, innovative languages like emojis are also good carriers for expressions of strong emotions (Derks, Bos, & von Grumbkow, 2008; Fullwood, Martino, 2007). During social media-oriented age, the issue of innovative use of languages becomes more noteworthy. Scholars conclude that in online chatrooms and social networks sites, the abbreviation, emojis, and other formats of the innovative languages are also commonly seeing and creates certain trouble than just analyze the plain texts (Baron,2003). In this article, this kind of issue impacts on the results of content analysis as well, so it is necessary to rely on some power other than human beings to run a second-round check to make sure the interpretation for Twitter mentions are in the appropriate directions.

The coding scheme was designed with two major parts, the first part is to talk about the types of the mentions, name mentioned in each tweet, and whether there are any dirty words, and/or supportive words in the content.

#### **TYPE OF MENTION**

Type of mentions is focused on whether mentions contain purely retweets about the facts (reports from news media or other media outlets), or they contain any personal opinions. If a retweet carries personal opinions, it would be singled out from the fact category, a personal opinion is mainly decided whether the tweet is talking about things beyond the facts disclosed by the Minneapolis Police or the media outlets. For instance, if the tweet is like “Is the U of MN Carlson School of Business China PHD degree a conduit for Chinese oligarchs to stash \$\$ in the local building boom? Billionaire Liu Qiangdong investigated for felony rape of a UMN student was in the U PHD program. #UMN #mnleg <https://t.co/KxYPRxctS5>” This kind of tweet would be categorized as the personal opinion despite it contains news information because it also carries strong emotions and questions

that does not belong to journalistic writing styles. In the meantime, if the tweet looks like “<https://t.co/On0yP6WPKk> investors spooked by ‘key man risk’ after CEO accused of rape <https://t.co/6AB4p3o9sh> #news <https://t.co/wxzmUwTUzA>” this one would only be categorized as retweet of facts because despite the usage of descriptive words such as “spooked”, this tweet only contains key information that match the news reports, rather than unique descriptive words like the first example. In the meantime, another important way of distinguishing these two is, the retweet of facts usually contains similar but not the same links or contents since a lot of them were retweeted from the same news sources. But for the personal opinion category, most of the retweets in here are completely unique, despite that they might be retweets for several times (mostly only two times, which means there is an overlap between the low frequency retweets and the personal opinions), but they still contain unique contents compared to some other retweets.

#### **NAME MENTIONED**

Name mentioned in each tweet aims to understand how the social media users mention the names of either the company or the person related to this scandal. This is important to see how they would attribute the scandal to a specific object. Whether they attribute the scandal only to the person, the company, both of them, and none of them? If the retweets mentioned the company directly or indirectly, it will be categorized into the “company” subcategory. One thing should pay attention here is that, a lot of the company name here is replaced by a link of the company (not JD.com, but an indirect link that was converted by Twitter), under this circumstance, the researcher still treats them as no different than direct mention JD or JD.com, or \$JD, or other forms of the company’s name since there is no evidence that the differentiation here could cause misunderstanding. If the tweets only mentioned the person’s name, like Liu Qiangdong, Liu, Richard Liu, they



would be sorted into the “person” subcategory. Lastly, if the tweets mentioned both company and the person’s name like above mentioned, they would go to the “both” subcategory. Otherwise they would go to “none” category for not directly pointing out any party in the scandal. By comparing the differences between the name mentioning between personal opinions and facts retweets, it would be interesting to see whether personal opinions attribute the scandal differently than facts re-posters. A typical tweet in this category would look like “E-commerce company <https://t.co/fls4lRHxQz> says CEO Liu Qiangdong was released after what it says was a false accusation; Minneapolis Police say the case remains open <https://t.co/hoF2jIgSqT>.”

## **DIRTY WORDS**

Dirty words are usually seen as an expression of strong emotions in a negative way. Scholars have found that dirty words usually tie to the expression of profanity (Ivory, Williams, Martins, & Consalvo, 2009). In the meantime, the profanity is seen as the exaggerated expression of aggression in a verbal format, and it represents people who communicate hard-to-control negative emotions target on certain issues (Kaye, Sapolsky, 2004). Scholars also believe that the presentation of profanity in media raises the concern of inappropriate language usage (Kaye, Sapolsky, 2004), and the “potential for eliciting imitative” verbal aggression (Potter, 2003). Especially under today’s social media environments, the free speech and multiple communication channels setting of social media allow users to say whatever they want in the platforms. In JD.com’s case, it is important to categorize the profanity words to measure the social media users’ level of negativity regarding this issue, and it is easier to categorize their retweets by obvious factors like dirty words, or profanity words. Some scholars have already done a good job on sorting out which are the words can be called “dirty words” or “profanity related”. Ivory

and colleagues (2009) published a content analysis that specifically focused on profanity in video games, and they conclude that “seven dirty words” are sufficient to represent the dirty words in media. Therefore, in this thesis, this category is used as the measure for dirty words, to explore if there are any social media users carry stronger negative emotions regarding the issues.

### **SUPPORTIVE WORDS**

The opposite of dirty words is the category of supportive words. Researcher hopes to gain the other sides of the social media users’ sentiments regarding this specific issue. Supportive words usually represent relative more positive feelings on the topic, and possibly to spread the information in a less harmful way towards the corporation and the person who is involved in the scandals. In this thesis, some certain words were categorized as supportive words. Once a retweet from Twitter contains one of these words, while not having any other words that work against these positive words, this retweet would be sorted to the supportive category. Some of the supportive words include “innocent”, “falsely accused”, and “no fault”. Generally speaking, most of the positive words to describe an object should count for the supportive words. During this process, one hard thing was to identify whether the supportive words really mean positive feelings, or they are just the representations of sarcasm. Currently, the judgement of the true feelings of these supportive words is still largely depending on human judgements. However, by incorporating with the SentiStrength tests, the results should be reliable enough to present. Additionally, the overall analysis of supportive words would also need to distinguish whether the words are in the “facts (simple retweets)” category or from the “opinion” category. This is due to the facts category have a large number of automatic retweets from non-human or institutional users, but the opinion category should contain more personal

retweets since the repetition rates are relative lower. It is doubtful that non-human users could express the most direct opinions compared to the personal users. In order to get the most reliable data, it is important to distinguish them solely. A typical tweet in this category would look like “<https://t.co/6Xz5N2rKEs> says its CEO falsely accused over sexual misconduct allegations <https://t.co/yLF3vgn8fY>.”

## **CORPORATE OPERATIONS**

Corporate Operations focuses on the specific business of the company, and it is crucial for understanding how people’s concerns and confidence go to the corporations’ different business area, and this is also backed by the attribution theory since this theory proves that general public attribute the cause of the events in to specific areas of the corporation or the specific characteristics of the person involved (Weiner, 1972). In the meantime, the retweets that contain sentiments could also be spread out in the social media world, which means both negative or positive attitudes regarding the corporation’s daily operations could have impact on the company’s performance, or the reputation of their business, or products (Gaines-Ross, 2000; Davies, Mian, 2008; Gopoian, 1993). This trend is particularly important to public traded company because based on multiple industry reports conducted by industry leading consulting or risk advisory firms, a high percentage of the investors seeking for corporation information on social media, and percentage is keep changing. As a public traded company in the U.S., despite the small business operations that JD.com has, the negative information might have particular bad impacts on its financial or stock related performance in a quick time. A word list includes “NASDAQ”, “stock” “stock price”, “shares”, “investors” could count for the finance-related mentions, and other retweets do not mention any finance-related terms but still concerning the company’s operations or products could be sorted as the “general operations” mentions. A

typical tweet in this category would look like “#JD.com's shares plummeted on Wednesday by 10.64 percent, as the Minneapolis Police Department released a report on its founder Liu Qiangdong's case, saying he was arrested on an allegation of rape.”

## Chapter 4: Results

This chapter aims to explore how the results from the research look like, and how these results could lead the researcher to answers of the research questions proposed before. The content analysis was produced based on the reliability-checked coding scheme. Two coders checked samples from the collected retweets, and both coders agreed on the reliability of the coding scheme. A total of 83 samples were randomly selected for the two coders to check the reliability for each of the section mentioned above. Two coders operated separately from each other to ensure that the most accurate judgments would be expressed to these 83 samples from the larger datasets.

The reliability results indicated coding scheme was reliable. Specifically, most of the categories have more than 90% of the match between the two coders, this suggests the coding scheme is reliable to the overall databased which the samples are around 10% of the total retweets that being analyzed. For the fact/opinion category, only five of the retweets' categorization are different between the two coders, which gives this category a 93% in the level of reliability check. For the mentioned names category, the reliability is slightly lower than the type of news category, a total of ten judgments were not able to achieve agreements between the two coders, which give the category a reliability level of 88.3%. All coders agreed that in the sample dataset, there is no retweets contain any dirty words or words that contain explicit profanity. Therefore, the researcher concludes a 100% match of the dirty words' category in the reliability check. However, the supportive words part has lower rate than any other categories; this is mainly due to the different understandings between two coders, and after a few adjustments (adding new words to the categories and exclude certain words which are commonly seen in the news reporting, and do not carry clear emotions), the overall reliability of the supportive words category is

91.8%. Lastly, for the corporation part, the overall reliability level is around 85%, this is possibly due to the analysis of this certain category requires more personal understandings regarding the words that is not directly listed in the coding schemes, and the differentiations between personal understandings could enlarge the disagreements between coders. However, despite the certain degrees of the disagreement between coders, the lowest level of reliability is still above 85%, which means it is possible to conclude that this coding scheme regarding the datasets of JD.com and its competitors is still reliable enough to be executed. Next, the researcher would use the coding scheme to test the first research question's comparisons.

#### **FIRST COMPARISON SET**

Personal opinions are the most important information regarding how the social media users concern about the JD.com scandal. Comparing to the retweets that only contain facts, these personal opinion tweets have higher possibility of carrying the true emotions. In this comparison, the researcher wants to know during different time periods, whether there was a difference of the percentage of personal opinions among all retweets, and then, how many of them were relatively positive, and how many of them were relatively more negative.

During the very initial stage of the scandal (first month after the scandal got widely covered by traditional media), there were more than 30,000 tweets mentioned JD.com and Liu related topics. However, at the second stage (the following month after the first month, whether the media coverage dropped dramatically), the overall discussion of these related topics dropped dramatically as well, from 30,000 to around 3,500 to 4,000 in total, for almost 90% drop in the total discussion. This means the selection pool of the dataset to be analyzed would also drop. After finalizing the datasets, from the initial time period, a total

of 538 retweets were analyzed, and for the second time period, a total of 95 retweets were analyzed. The reasons for only two smaller tweets collections were analyzed were due to the exclusion of “Unique” category (reason mentioned above), and some of the replicated tweets were taken out by researcher.

Both of the datasets have a low percentage of tweets containing personal opinions, which could indicate that the social media users who retweeted these topics aren’t paying much attention to these topics the potential reasons will be discussed later. For the initial stage, a total of 53 retweets that explicitly express their personal feelings regarding the issue (roughly 10% among the total) were analyzed. For the later stage, only seven retweets that explicitly express their personal feelings regarding the issue. However, considering the total posts also dropped dramatically, these seven retweets make up 7.3% of the total 95 tweets. However, during the analysis process, the researcher found a lot of the second stage tweets are irrelevant to the topics and are mostly to be advertisements or suspicious fraud-related information. If these tweets are excluded, the total of the second stage would drop to 45 in total, and the percentage would increase to 15.5%.

Interestingly, when regarding the level of the sentiments of these personal opinions, the researcher finds that regardless which stage these opinions are in, none of them contain any categorized supportive words, which means from the content analysis results, NONE of the personal opinions regarding JD.com and Liu’s scandal are speaking positively for them. In other words, all the supportive words are suspiciously only the retweets of the press releases from JD.com or the news agencies, and they are all just retweets of facts, rather than the expression of personal feelings. At this point, a sentiment strength test would be necessary to see the strength level of these tweets and how strongly negative they are in regarding this issue. The SentiStrength application separates each of the words from each retweet and analyzes the strength of the sentiment carried by each word, and then

calculates overall scores for both positivity and negativity. In JD.com's sample, for the first time period, the positivity level was ranked by the application as 1.21. This result is only slightly higher than neutral (the minimum of positivity is 1 point). In the meantime, the negativity level was ranked by the application as -2.09. This result is further away from neutral in the sentiment strength level compared to the positivity level, and the negativity is slightly more on the extremely negative side (the minimum level of negativity is also 1 point, and the maximum level of negativity is 4 points, which would be called as extremely negative in the strength of overall sentiments). The same test is also necessary for another set of data in this comparison, so the same test was ran by the researcher to the second period dataset, which is one month later than the initial stage. The results show that the level of positivity of the second dataset is relatively more extreme of the first dataset, which the applications gave out a score at 1.67 level. However, for the negativity of this dataset, the trend only changed slightly to neutral, from -2.09 in the first dataset to -2.0 in the second dataset, the change is too small compared to the change in the positivity. Only seven retweets were qualified for the test in the second dataset; but for the first dataset, the qualified retweets were 54 in total. Therefore, there is potential risks of the manipulations for the results based on the differentiations of the number of the retweets in these two datasets.

## **SECOND COMPARISON SET**

After analyzing the overall strength of sentiments from the social media users, especially for those who posted their personal opinions regarding it, it is also important to see how social media users attribute this scandal to the company's general operations, and financial performance. This is helpful to understand how the personal/corporate scandals which are irrelevant to any of the company's operation could pose impacts on company's



stock price, even general business decisions. That is, to see how specifically social media users tend to relate the scandals to certain parts of the corporation, just like the SCCT theory predicted (Coombs, 2007). For the first phase of the scandal, the posts concerns were about the financial status of the company, especially the down trends of the stock. It is understandable since the media did cover the company's stock price changes. In the meantime, after the scandal was disclosed by mainstream media, the company's stock price dropped immediately. Therefore, there is no surprise that in the total of 88 retweets that express concerns about the company's operations and financial risks, 66 of them specifically mention either stock price or other financial related risks. These retweets make up 75% of the total retweets in this category, which leaves only 22 of retweets are concerning about other operational related matters about the company.

However, one interesting pattern for the trend is that, despite the absolute advantages of the financial risk-related retweets in numbers, most of the social media users who posted personal opinions, tend to concern more about the operational risks that the company might face. In other words, social media users who discussed the financial risks, they mostly only retweeted the facts but did not post any personal opinions regarding the stock price or related things. Only four of the total 66 retweets contain personal opinions, which only make up 6.1% among all the retweets in the sector. However, in contrast, social media users did concern more about the general operations. In this sector, even though only ten of the retweets contain personal opinions while discussing the risks in JD.com's daily operations, there are only 22 retweets in total; the personal opinions make up 45% of the total retweets in this sub-sector.

For the second phase, the situation is different than the first phase. Due to the overall discussion of the topic dropped dramatically in social media, the total number of risk-related matters dropped significantly as well. Only nine of the retweets in second phase

concerned about any kind of risks related to JD.com. In the meantime, after going through the personal opinions of the second phase, the researchers find that none of the personal opinions concerned about any of these risks, which leaves the second phase incomparable to the first phase.

Another important component for these comparisons is the strength of sentiments. Firstly, the researcher confirmed that none of these risk-related retweets mentioned any supportive words, which means they are all possibly on the neutral to negative direction while mentioning the company's operation or financial matters during these two special stages. In order to gain more accurate understanding of the strength level of the sentiments, the SentiStrength application was again used to analyze the different sets of data.

After the analysis of the strength level of the first phase and second phase risk related retweets, the conclusion is that both phases are indeed more on the negative side, which matches the non-supportive words observation in previous texts. To be more specific, for the first phase, the SentiStrength gave a positivity level of all retweets as 1, and the negativity level of the all retweets as -2.47. This clearly indicates that the retweets contain more negative attitudes. Additionally, the application gave a positivity level for financial related retweets as 1, and the negativity level as -2.51, while giving the positivity level for operation related retweets as 1, and the negativity level for operation related retweets as -2.45. From the differences in the strength of sentiments, in the first phase, the social media users held similar and negative attitudes regarding the operational/finance related retweets while mentioning about risks.

For the second phase during the crisis discussion, the same tests from SentiStrength was applied to the retweets. The negativity level of the overall retweets in the second phase is -2.625, and the positivity level is 1. The trend here is consistent with the first phase, at the second month after the risks happened back in last year, the social media users still held

negative attitudes regarding the same topic about JD.com and Liu. However, due to the number of personal opinions that contains specific financial or operational keywords is too low, so the test regarding the specific content of the concerns is not viable currently.

### **THIRD COMPARISON SET**

The last comparison sets to understand how the social media users relate their opinions and attitudes to similar companies, and how the trend would go when different time phases are being proposed to these companies. This action would further the understandings of the application of attribution theory to the association between personal-level risks and the corporate-level risks. For this comparison, two companies were selected as the participants, JD.com and VIP.com. VIP.com is another e-commerce site that mainly handles its business operations in China. Same to JD.com, the company is also publicly traded in New York as a tech company, which makes the company a good reference for JD.com situations in different time period. The comparison has two-time phases, pre and post JD.com scandal. The pre scandal phase was March 2018, during this time period, both reference and JD.com had no major scandal or criticism reported online, and neither of them was reported by the major U.S. newspapers or TV networks, unlike the scandal time for JD.com. In contrast, the post scandal time period matches to two previous comparisons. By contrasting these two-time periods with these two companies, the researcher hopes to gain in-depth understanding about people react to these companies under different scenarios.

For pre-scandal stage, the number of mentions regarding JD.com and Liu is small, only a total of 400 mentions include either JD.com or Liu's name. In order to maintain the consistency, the researcher separated the mentions to duplicated and unique again, and only analyzed the duplicate set of mentions. The retweets were retweeted by social media users

ranged from two times to 250 times, which is lower than the scandal related periods. Only ten of the retweets are qualified for further analysis in JD.com's mentions, and the category for content analysis is the same one with previous comparisons. Among all the analyzed retweets, only one of the retweets explicitly express personal opinions, and it is not related to any operations or financial status regarding JD.com, it is talking about irrelevant topics. This indicates that no social media users were paying enough attention of JD.com's event and none of them had personal feelings about the company. Rest of the retweets are just general PR new releases regarding JD.com's upcoming forums and products at that time, and none of the nine retweets mentioned anything regarding any concerns. The other sets of the data are even smaller size than JD.com's data. During the pre-scandal time, there was no mention regarding VIP.com and its CEO, the company was radio silence and no social media users ever retweeted or commented on any related matters to VIP.com. On the other hand, the trend of VIP.com picked up a little bit during the JD.com post-scandal time period, but the overall discussion regarding VIP.com was very low, especially compared to JD.com, which was heavily reported and criticized by both news media, social media, and the Wall Street at that time. To be specific, the total number of mentions of VIP.com for post-scandal stage is only ten, and all of the ten mentions are just retweets of facts regarding the company's upcoming events and the CEO panel held by third party institutions. Nothing of these retweets are personal opinions or contains any kind of concern-related words, the overall strength of sentiments of VIP.com's mentions are expected to be neutral. Meanwhile, the pre-scandal mentions of JD.com also do not contain any dirty words or concern-related words compared to the post-scandal mentions if the irrelevant opinion retweet is excluded from analysis. Therefore, the researcher expects both of the sentiment strength of these datasets to be neutral even slightly positive, the only negativity should still show up in JD.com's post scandal mentions.

The SentiStrength was again being used to testify the actual strength of sentiments in this comparison set. As expected, the overall strength of sentiment (negativity) for JD.com's pre-scandal period is -1.6, which is slightly from neutral to negative, and the positive strength is 1.2. These scores indicate that the strength of emotions was slightly negative from neutral. Additionally, the post-scandal period of VIP.com is positivity as 2.75, and negativity as -1.75, which indicates the emotions back at that time were positive towards the company. By contrasting these two scores with the already testified scores of post-scandal period of JD.com (first phase as 1.21, -2.09, and the second phase as 1.67, -2.0). In the meantime, the VIP.com's strength of sentiment is also more neutral than JD.com's strength of sentiments in the same time period.

## Chapter 5: Discussion

Based on above analysis, the three research questions are partially answered. Some of the above analysis indicate interesting patterns hide behind the retweets done by social media users, and these patterns could also partially support the assumptions behind the three research questions. However, these comparisons between different datasets are not 100% flawless, and due to the limited data for certain time periods or comparison groups, it is possible that the results are not 100% accurate. However, the overall analysis still partially solves the ultimate questions about how the social media users would perceive the scandals regarding a foreign company and the company's leader and opened the further channel to look into this issue in a more in-depth way.

In short, some key findings were found during the content analysis stage, they are: the overall trends of discussion regarding both JD.com, and the key executive, who is also responsible for the scandal, are largely negative, and people rarely distinguish the persona and the company clearly; they mostly show up together in the retweets.

The overall trends did not change too much for the first two months during the post-scandal periods, which means that social media users in phase one (first month right after the scandal got published) and phase two (second month after the scandal got published) both largely held negative attitudes towards both JD.com and Liu himself, with only minor movements in the attitudes expressions. However, the overall discussion was dropped at the second month as the researcher expected.

The results partially support the anticipation proposed in research question three. The attitudes that social media users held in last year were different. During the pre-crisis stage, the attitudes or feelings expressed by the social media users towards JD.com was more on the neutral side compared to the negative attitudes after the scandal was reported. In the

meantime, social media users expressed relatively positive attitudes towards JD.com's competitors while they expressed clear negative attitudes towards JD.com during the post crisis stage. However, the pre-stage expressions of JD.com's competitor is unknown due to the lack of social media data.

### **RESEARCH QUESTION 1**

The first research question tends to find out how exactly the social media users perceive the information regarding Liu and his company. The trends could indicate whether the information receivers perceived the company and person's image more negatively, neutrally, or even, positively. This is the first step to get into understanding of the overall picture of the discussion trend during the special periods. The first sets of the comparison partially answered this research question. The content analysis indicates that the negativity level is high among the retweets that mentioned either JD.com, Liu himself, or both of the names. The negativity level is particularly high when analyzing the retweets that contain personal opinions. As above mentioned, the negativity level for first phase (Aug 30 to Sept 30) data was as high as -2.09, which by the definition from the creator of the application named SentiStrength (Thelwall, Buckley, Paltoglou, & Cai, 2010), is moderately negative to extremely negative. In the meantime, the content analysis also revealed that, for retweets that contained personal opinions, none of them were expressing supportive feelings towards either JD.com or Liu himself, which means the personal scandal actually proposed negative impact on the company's reputation on social media. This finding also suggests the same the thing compared to the results from SentiStrength; people perceived both the person and company negatively after the personal scandal happened, and this is largely supported by previous theory on situational crisis communication. Like previously mentioned, multiple scholars have concluded that when the information receivers attribute

responsibilities to certain object(s), they hold more negative attitudes towards these objects; in this case, both JD.com and Liu were the objects that have been attributed (Coombs, Holladay, 2010). The significant relationship between responsibility attribution and emotions expressions was also backed up by Choi and Lin's (2009) research.

## **RESEARCH QUESTION 2**

According to the data collected from JD.com's Twitter handle, after the scandal happened, the company didn't post any statements or apologies to the public regarding its key executive's personal crisis or company's "slumped" stock price after the company was exposed to various of media outlets. Like previously mentioned, Weiner (1972) argues that people interpret an event by sorting out what the causes are, this is called "attribution", and based on their attribution, they would determine who to blame for a negative event. Other scholars also argued the same thing for social media users, they tend to seek for the causes of the crisis to certain objects (refer back to RQ3). Therefore, under JD's case, they would easily attribute the faults to JD.com or Liu himself. The results from analysis partially supported this anticipation.

Based on the analysis, in both stages after the crisis got widely covered, the social media users' attitudes did not change too much. The overall strength of sentiments regarding the company's reputation in general operation and financial performance both maintained at negative level, which indicates the negative attitudes held by social media posters during both first and second stages after the crisis got exposed. This matches the anticipation made by researcher and the findings from previous literatures in the attribution theory and situational crisis communication theory, from which the research could conclude that the overall social media channel (at least Twitter) did not show positive attitudes to JD.com or Liu due to the crisis, and the distrustful opinions lasted not only



during the peak discussion periods, but also during the period which the overall coverages and discussions both dropped to a low frequency level. However, the results in this part of the analysis are not precise enough in regarding the actual personal opinions towards either the company's financial performance or general operations. This is because the researcher could not distinguish enough personal opinions from the overall retweets during the time. Especially during the second month after the crisis, the personal opinions who were still regarding this issue dropped to nearly zero. Under this circumstance, it is hard to conclude that the social media users who carried personal opinions regarding the company and the key executives were negative, neutral, or positive at the second stage despite the personal opinions in the first month were indeed negative.

The low participation of personal opinions posters might indicate that social media users overall low attentions on this certain issue, and this would definitely pose impacts on the results of this research. This questionable result will be further discussed in the discussion and limitation sections for the potential reasons of the low participation of this certain topic.

### **RESEARCH QUESTION 3**

JD.com's performances and its competitors' performance at the different time periods are important references to see how exactly social media users perceive JD.com and its key executive during the crisis season. Public opinions can be impacted by media and other information resources, and the RQ3 is to testify whether this holds true in JD.com's case. Past literature concludes that ascribing the cause of a negative event to internal causes could trigger punitive opinions from the public (Hwang, Jeong, 2012). Scholars (Yum, Jeong, 2015) also suggest that responsibility attribution leads to retribution motivation which would then lead to the punitive actions. Based on the analysis for

JD.com, some of these previous conclusions hold partially true. For example, the researcher has found no retweets during the pre-scandal mentioned any risk related information by content analysis, but for the post-scandal stage, the concerns for financial or operational related risks were more explicitly mentioned by social media users (nearly 100 retweets mentioned the risks of JD, and mentioned the personal scandal, nearly 20% of them were personal opinions). However, in the meantime, the strength sentiments of different time periods were not necessarily different from each other. For the pre-scandal stage, the negative attitudes rating was around -1.6 but the post scandal stage only raised from -1.6 to -2.0, the attitudes indeed changed to more negative, but overall the attitudes were still on the same direction. In addition, the results could not fully support the assumptions in research question 3 because some of the key data were not large enough to be analyzed. For instance, the analysis of social media attitudes targeted on JD.com's competitor was not viable because very few mentions were ever posted on Twitter regarding the sample competitors. This condition for the competitor made the comparison between the competitor and JD.com impossible. Therefore, the assumptions of research questions 3 could not be fully testified and supported.

One important thing that has potential impact on the results of this study is the quality and the quantity of the data from Twitter. The lack of the data on some key indicators limited the content analysis of this study, and some of the assumptions from the research questions were not be able to testify or reliably supported by current datasets. In the meantime, in the existing data which were being successfully analyzed and drew conclusions for the assumptions, the reliability issue showed again. For example, the low rates of personal opinions in all the datasets, and the high irrelevance rates of the retweets in the dataset, disqualified a huge amount retweets from already-lacked retweets data.

Some explanations for this condition need to be found. One possible explanation of the situation could be the concept of accessibility.

Lippmann (1922) suggests that mass media serves as the main gate for people to receive information, which means people are impacted by the mass media. In today's world, the social media channel as a part of the mass media, could also serve this same function. Then, the lack of the accessible information might have unexpected effect on the perceptions of a certain event. Theory of accessibility mainly focuses on how people could retrieve information from their memory and/or existing knowledges to understand a certain issue that they may face. Huckfeldt and colleagues (1998) argue that clearly conveyed message could serve to be the bridge between the messages and message receivers (Huckfeldt, Levine, Morgran, & Sprague, 1998). Therefore, it proved that efficient communications, or better accessible information could lead to the enhanced ability to understand information from others (Huckfeldt, et al, 1998). In their research, they looked into how the efficient communication could enhance the communication process between different sides of the political participants, which also means the level of accessible information would impact on the communication consequences. In JD's case, the company barely provided any efficient communication channel to the general public, especially in the U.S. market. Despite JD.com is a public traded company in the U.S., based on its social media performance, the company has no intention to communicate with the public in U.S. social media platforms, which means it is impossible for the company to own efficient communications. Fazio (1990) proposed that people make judgments and information perceptions based on accessible information, and efficient communication is the way to achieve accessible information flow. However, JD.com does not own the channel. Therefore, lack of efficient communication could lead to the low quality of JD.com's online discussion regardless the pre and post scandal time periods. The accessibility theory also

carries one important factor that could explain why people gave limited opinions based upon the information they receive. The reason why some information, perceptions, and attitudes are available for people is because they are inside the long-term memory system. In other words, people could give opinions regarding one certain thing or object because the information is easily available in their minds (Huckfeldt, et al. 1998). However, due to the same reason (lack of communication for long time), people could barely “store” any useful information regarding JD.com or its competitors in their long-term memory; there is barely any channel for them to build the image for these companies and to access the information during the crisis stage.

Lack of framing could also be another explanation of why the lack of public opinions happened and why the opinions were largely negative towards JD.com. Information framing in media is defined as the information sourcing and selecting process done by the media channels to construct news or events; both attention and opinion directions are manipulated by the framed information (Gameson, 1992). Scholars like Iyengar (1991), and Reese and colleagues suggest that framing of information, and selection of certain information, would make people pay more attention to this information while processing and perceiving the information in a certain way that matches the information framers’ wills. Shen (2004) also suggests that information framing has significant impact on information receivers’ ability to recognize and percept the news or event in political activities. In other word, information framing could change the way how information receivers’ behaviors and perceptions regarding the events. Based on these previous findings, it could explain why the engagement of the JD.com’s social media was low during all the three investigated phases, and why the discussion of JD.com was largely negative since JD.com seemed like not having any kind of communication management in the U.S.

## **Chapter 6: Limitations and Future Research**

In this study, the researcher mainly looked into how exactly social media users' attitudes were expressed on social media towards a non-familiar public traded foreign company and its key executive's scandal. Despite a number of scholars suggest in the past that social media platforms have significant impacts on corporate public images (Aula, 2010), and corporate reputation is important to not only brand evaluations, product evaluation, but also financial evaluations (Gurhan-Canli, Batra, 2004), the association between key executive's personal risks and corporate reputation was not clear. In this thesis, the researcher has successfully found some significant results to prove that in the same time period, negative personal risk would cause a negative perception. However, due to the low quality of the datasets, and the low participation rates, only partial answer of the correlation between personal and corporate level reputation can be analyzed. Therefore, it provides a future direction for the same topics. If it's possible to employ a larger quantity of data for more sophisticated research method such as regressions or other statistical methods, the results would be more reliable and could further testify to the association between personal risks and unfamiliar foreign public traded companies. In the meantime, employing more sophisticated comparisons would also be a good way to further explore this topic, by contrasting the results between famous corporations like Amazon or Tesla and unfamiliar companies like JD.com or Hanjin Group from Korea (which was widely criticized by media due to the daughter of the owner hit flight attendant on Korean Air's flight), a more clear pattern may be possible to be found.

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